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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE  
Case No. 10-14092 (CSS)

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In the Matter of:

TOWNSENDS, INC., et al.,

Debtors.

- - - - -x

United States Bankruptcy Court  
824 North Market Street  
Wilmington, Delaware

January 21, 2011

1:09 PM

B E F O R E:  
HON. CHRISTOPHER S. SONTCHI  
U.S. BANKRUPTCY JUDGE

ECR OPERATOR: DANA MOORE

1 collateral, the same million-eight will be available for the  
2 503(b)(9) claimants, given their administrative priority status  
3 is protected by the Code.

4 Unless Your Honor has any questions of the committee  
5 position, that's why we have come to difficult conclusions, and  
6 it's been a lot of conversation by the committee including  
7 direct conversation between the committee members and the  
8 bankers, yesterday, with no professionals on the phone call to  
9 discuss these issues.

10 THE COURT: Okay.

11 MR. BUECHLER: Thank you.

12 THE COURT: Thank you, Mr. Buechler. Anybody else  
13 wish to be heard?

14 Let me see if I understand, Mr. Abbott. Under no  
15 scenario will the 503(b)(9) creditors be paid in full?

16 MR. ABBOTT: Your Honor, technically, it's possible;  
17 practically, impossible. The range of values, given the amount  
18 of debt, here, we just don't see a buyer clearing the secured  
19 debt.

20 THE COURT: But other administrative claims will be  
21 paid in full?

22 MR. ABBOTT: Post-petition administrative claims, we  
23 expect to be paid in full under this revised budget, Your  
24 Honor.

25 THE COURT: Well, we've got a problem. Not going to

1 run an administratively insolvent estate. There are benefits  
2 to the current administrative claims that are accruing. There  
3 are benefits to the unsecured creditors. But it can't be done  
4 on the back of the 503(b)(9) admin claims, which are admin  
5 claims. Congress has made that determination. So certainly I  
6 would have a problem running any case that was administratively  
7 insolvent. But one that is both administratively insolvent and  
8 prefers one set of administrative creditors over another is  
9 doubly troubling. So that's -- well, I'm not going to do it.

10 MR. ABBOTT: To clarify --

11 THE COURT: I'm not making -- I'm not making the --  
12 this came up on Goody's, for example, Goody's I, and it turned  
13 out we were all wrong. But the point there was there had to be  
14 a set aside to pay these claims in the plan that the evidence  
15 indicated was a reasonable estimate that they would get paid.  
16 Turns out, it was wrong. But the point being, I'm not making  
17 anyone guarantors or insurers of the fact that the case is  
18 administratively solvent. But to go in with a path forward  
19 that indicates -- and I certainly appreciate your candor to the  
20 Court -- that a certain type of administrative expense claim  
21 won't get paid in full but yet others will, I just -- I can't  
22 run that kind of case.

23 MR. ABBOTT: I understand that, Your Honor. Could I  
24 ask the -- well, is it --

25 THE COURT: Need help? Go ahead.

Page 1

1 UNITED STATES BANKRUPTCY COURT  
2 DISTRICT OF DELAWARE  
3 Case No. 10-11890-PJW

4 - - - - -X

5 In the Matter of:

6

7 NEC HOLDINGS CORP, ET AL.,

8

9 Debtors.

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11 - - - - -X

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13 U.S. Bankruptcy Court  
14 824 North Market Street  
15 Wilmington, Delaware

16

17 July 13, 2010

18

9:32 AM

19

20 B E F O R E:

21 HON. PETER J. WALSH

22 HON. CHRISTOPHER S. SONTCHI

23 U.S. BANKRUPTCY JUDGES

24

25 ECR OPERATOR: MICHAEL MILLER/LESLIE MURIN

1 THE COURT: And again, you're not a guarantor.  
2 Nobody's a guarantor. But I need some evidence that there's a  
3 probability that admin claims are going to get paid in full,  
4 including 503(b)(9) claims or I won't approve the financing.

5 MR. ATHANAS: Your Honor, I understand where you  
6 stand. Before we convert the case, I'd like --

7 THE COURT: Whoa. What?

8 MR. ATHANAS: -- I'd like to take a brief recess.

9 THE COURT: I didn't say we're converting the case.

10 MR. ATHANAS: Understood, Your Honor, but without  
11 financing, it would be inevitable. So I'd ask for just a very  
12 brief recess so I can talk to the parties and make sure they  
13 really want what they're asking for.

14 MR. FEINSTEIN: We're okay with that, Your Honor.

15 THE COURT: All right. Take a recess.

16 (Recess from 4:08 p.m. until 4:51 p.m.)

17 THE CLERK: All rise.

18 THE COURT: Please be seated.

19 MR. ATHANAS: Your Honor, Joe Athanas on behalf of the  
20 debtors. Your Honor, we would ask for a continuance until  
21 Friday morning. At that time we'll either put on evidence  
22 regarding 503(b)(9) claims or maybe even there'll be a deal.  
23 Who know?

24 THE COURT: All right. Let's see what I have. Pretty  
25 wide open Friday. Any preference?

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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

IN RE: Chapter 11  
ORCHIDS PAPER PRODUCTS COMPANY, Case No. 19-10729 (MFW)  
et al., Courtroom No. 4  
824 N. Market Street  
Wilmington, Delaware 19801  
Debtor. May 30, 2019  
2:00 P.M.

EXCERPT  
TRANSCRIPT OF HEARING  
BEFORE HONORABLE MARY F. WALRATH  
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For the Debtors: Christopher Ward  
Shanti Katona, Esquire  
POL SINELLI PC  
222 Delaware Avenue  
Wilmington, Delaware 19801  
  
- and -  
  
Jerry Switzer, Jr., Esquire  
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1 challenge before September 30, do you think?

2 MS. SEYMOUR: Well, there's the credit bid issue,  
3 Your Honor, so we may be here asking for it to be addressed  
4 before the closing, because they're asking to -- that's the  
5 whole point of our credit bid reservation.

6 THE COURT: Uh-huh.

7 MS. SEYMOUR: So, that was our concern, Your  
8 Honor. We don't want to have done what we're supposed to do  
9 pursuant to the -- we didn't push for a longer period of time  
10 because the debtor is trying to stick to the milestones that  
11 we didn't push back on either, but we don't want that to be  
12 declared an event of default.

13 MR. MCGUIRE: Your Honor, I think that's exactly  
14 what I said the provision was. It's the filing by these guys  
15 or the winning by them.

16 THE COURT: Yeah. No, I know.

17 Well, let me also give you my thoughts on one of  
18 the other issues, and that is the committee. I have always  
19 taken the position that I don't care what a line item is for  
20 committee professionals or debtors' professionals. That if  
21 there's not sufficient funds to pay professionals, generally,  
22 that they will be paid *pro rata*, regardless of what limits  
23 the DIP may place on that. I consider the line items for  
24 professionals to be an aggregate and it's inappropriate to  
25 have line items.

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

IN RE: . Chapter 11  
. .  
SPORTS AUTHORITY HOLDINGS, . Case No. 16-10527 (MFW)  
INC., et al, . Courtroom No. 4  
. 824 Market Street  
. Wilmington, Delaware 19801  
Debtors. .  
. Tuesday, April 26, 2016  
. . . . .

EXCERPT

TRANSCRIPT OF HEARING  
BEFORE THE HONORABLE MARY F. WALRATH  
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For the Debtors: Michael R. Nestor, Esq.  
Andrew L. Magaziner, Esq.  
YOUNG, CONAWAY, STARTGATT  
& TAYLOR, LLP  
Rodney Square  
1000 North King Street  
Wilmington, Delaware 19801

For the Debtors: Robert A. Klyman, Esq.  
GIBSON, DUNN & CRUTCHER, LLP  
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Los Angeles, California 90071

(Appearances Continued)

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1 Thank you.

2 THE COURT: All right. Well, let me tell you what my  
3 problems are with the proposed DIP.

4 While I agree with the debtor we can't use hindsight  
5 to decide that the debtor should have only sought use of cash  
6 collateral. I accept that the debtor did not have much  
7 leverage. I -- without any other DIP loans available. I do  
8 think this DIP is -- I won't use the word "outrageous." But it  
9 really does not fall within the zone of reasonable DIPs.

10 And first and foremost, both from day one and  
11 certainly it's been proven today, it's clear that while they  
12 said that they were providing new money based on the formula,  
13 there was no real ability for new money unless they were paid  
14 down. And it's clear that what has now occurred is that this  
15 is a sale case. And it's clear, I think, in all my prior  
16 rulings, that if a case is being run for the benefit of the  
17 lenders in order to foreclose upon their collateral, the  
18 lenders are going to have to pay the cost of that. And that  
19 includes all administrative. It includes the rent. It  
20 includes professional fees. Whether or not the debtor is  
21 correct, and I don't think the debtor is, there is no  
22 commitment right now under the carveout language or otherwise  
23 to pay accrued fees that accrue after May 28th.

24 There is no commitment to pay the stub rent. There's  
25 a commitment to escrow \$8 million, a fraction of the stub rent

1 for the GOB leases. But there's no commitment to allow that  
2 payment to be made. And I assume that the lenders are going to  
3 retain a security interest in that cash escrow agreement. Even  
4 if they don't, that's clearly insufficient.

5 The debtor is correct under Montgomery Ward, you don't  
6 have to pay the stub rent on the first day of the case. But in  
7 a case where the landlords and other administrative claims are  
8 clearly not budgeted or being paid while the landlord -- excuse  
9 me, while the secured lenders' collateral is being liquidated  
10 and their secured claim is being paid, I have a serious problem  
11 with that.

12 I think the fix is no 506(c) waiver for anybody. And  
13 to the extent that administrative claims are not paid at the  
14 end of this case, there will be a claim against the lenders for  
15 those costs under 506(c) to the extent they were necessary for  
16 the preservation or realization of their collateral.

17 With respect to the DIP fees and interest, I accept  
18 the debtors' testimony that the interest and other fees are  
19 simply what were otherwise due to the lenders under the pre-  
20 petition claims with the exception of the one six-million-  
21 dollar fee. I am not as outraged by that as the committee is,  
22 and I don't think that that was unreasonable because I can't  
23 look at it in hindsight. I have to look at it from the  
24 debtors' perspective at the day they entered into this DIP  
25 loan, and given the terms and the amount, I'm not -- my

1 conscious is not horrified by that.

2 With respect to the consignors, I think the fix is  
3 that the interim order will govern, notwithstanding any other  
4 language of the DIP. The interim and any final order I may  
5 enter on the consignment motion will govern, notwithstanding  
6 any other language in the DIP.

7 And I agree that there should not be a grant of a  
8 security interest in any of the consigned goods under the DIP  
9 to the DIP lenders or to the term lenders that would otherwise  
10 interfere with their rights as set forth in those orders. But  
11 I think that that's a wordsmithing.

12 With respect to the landlords, I think the denial of a  
13 506(c) waiver should provide some protection to them. I'm just  
14 not going to grant it either for landlords' fees, for  
15 503(b)(9), for professional fees or for the stub rent. If  
16 we're going to proceed with this case, through a sale process,  
17 we'll see what happens after the sale. If the lenders won't  
18 agree, then I'm prepared to convert the case today because I  
19 just -- they can go to State Court and liquidate their  
20 collateral, but you can't do it in bankruptcy without paying  
21 the freight, as was argued.

22 I think I hit my issues. So I'm going to give the  
23 parties some time to talk and then we'll come back and talk  
24 scheduling. We'll stand adjourned.

25 (Recess taken at 5:08 p.m.)

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

IN RE: . Chapter 11  
MORTGAGE LENDERS NETWORK USA, .  
INC., . Case No. 07-10146(PJW)  
Debtor. . (Jointly Administered)  
. March 20, 2007 (2:06 p.m.)  
. (Wilmington)

EXCERPT

TRANSCRIPT OF PROCEEDINGS  
BEFORE THE HONORABLE PETER J. WALSH  
UNITED STATES BANKRUPTCY COURT JUDGE

Proceedings recorded by electronic sound recording;  
transcript produced by transcription service.

1 financing to get some sort of a surcharge waiver. I think  
2 they're less standard in the context of a cash collateral use  
3 request which is what we have here.

4 THE COURT: Well, I don't think they're standard in  
5 a conventional DIP facility, not in my Court anyway.

6 MR. GODSHALL: Well, all right, well then -

7 THE COURT: Well, let me tell you what the law in  
8 this Court's been for at least the last five years. If the  
9 Committee doesn't agree with the waiver, it doesn't happen.  
10 I've had a couple of cases where the Committee has agreed to  
11 it because of exigent circumstances, but absent the  
12 Committee's approval I can't remember the last time I  
13 approved such a waiver, if I ever did.

14 MR. GODSHALL: All right, well, then, in that case,  
15 Your Honor, RFC's going to have a decision to make, and this  
16 wasn't, obviously, something that the debtor negotiated for.  
17 This is something that RFC has required. Third objection I  
18 heard, Your Honor, was RFC's control of the budget process  
19 and this is maybe where your numbering and mine diverge  
20 because under that heading I heard two separate objections,  
21 and the first objection, Your Honor, is that this order only  
22 permits professional fees to be paid in accordance with the  
23 budget, and the budget has an amount of professional fees for  
24 the Committee running through April 28 that is, I believe,  
25 \$210,000 for Committee counsel and \$90,000, I believe, for